

OGC Has Reviewed

Executive for Personnel & Administration

26 September 1946

Chief, Legislative Liaison Branch

New Liberalized Provisions of the National Service
Life Insurance Act

1. The Insurance Act of 1946 (Public Law 589 - 79th Congress - Approved 1 August 1946) was passed to liberalize certain provisions of the National Service Life Insurance Act of 1940, as amended, copy attached.

2. Important changes in the law are incorporated in War Department Circular #257, dated 23 August 1946, copy attached. Detailed information will be incorporated in AR 600-110.

3. Among important changes to be noted are the following:

a. Beneficiary restrictions are removed from policies, so that the insured may designate any person or persons, or other legal entity, including his estate, as beneficiary, rather than close relatives as heretofore.

b. Four optional modes of settlement (of the policy) on maturing are permitted, as follows:

(i) In one sum.

(ii) In equal monthly installments of from 36 to 240 installments in multiples of twelve.

(iii) In equal monthly installments for 120 months certain with such payments continuing during the remaining lifetime of the first beneficiary.

(iv) As a refund life income in monthly installments with face value certain, except where settlement would result in payment of installments over a shorter period than 120 months.

c. The insured may elect any of these options or a combination of them. However, the beneficiary may elect any option providing for a longer period than that chosen by the insured. If the insured elects no option, the insurance will be payable in 36 monthly installments.

d. In addition to the old types of policies - ordinary life, 20 payment life, 30 payment life - three new types are added - 20 year endowment, endowment at age 60, endowment at age 65.

g. Monthly benefits may be paid to an insured who is totally disabled for a period of six months. This feature may be added to any form of National Service Life Insurance, if the insured meets specified health requirements and pays the required extra premium.

f. Special provisions are included for the reinstatement of lapsed policies, eligibility for policies if on active service between 8 October 1940 and 2 September 1945, disability claims, and assignment of a beneficiaries' interest to specified relatives of the insured.

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